

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF THE BETHLEHEM AUTHORITY**

OCTOBER 14, 2010

The regular meeting of the Board of Directors of the Bethlehem Authority was held on October 14, 2010 in Conference Room B504, 10 E. Church Street, Bethlehem, PA. The meeting was called to order at 3:30 PM by Chairman Mark Jobes, with the following also in attendance:

John Tallarico, Vice Chairman
Richard Master, Secretary
Vaughn Gower, Treasurer
James Broughal, Esq., Solicitor
Stephen Repasch, Executive Director
Sandra Reppert, Administrative Assistant

APPROVAL OF MINUTES

Chairman Jobes presented the minutes from the regular meeting held September 15, 2010. Mr. Gower moved to approve the minutes. Mr. Tallarico seconded. Motion passed unanimously.

RECOGNITION OF VISITORS / COURTESY OF THE FLOOR

Chairman Jobes welcomed and recognized the following visitors:

- Mr. Stephen Antalics, Bethlehem resident. Concerning the proposed wind energy development in the watershed, he queried if raptor and bird migration studies have been done. The response was that the proposed siting of the windmills is on the edge of a migratory path, and is part of the initial studies that need to be done.
- Mr. Gene Auman, City of Bethlehem Deputy Controller
- Mr. David Brong, City of Bethlehem Director of Water and Sewer Resources
- Mr. Bud Cook, The Nature Conservancy

REPORT OF THE CHAIRMAN

Wind Energy Developer Evaluation. Chairman Jobes reported that the Board continues to work on the many details of the draft license agreement with Call Mountain. The next step is to conclude the concepts and any major issues and present the term sheet to the Finance Committee for their comments on the project.

Mr. Master queried when the next negotiating session on the proposed agreement was being held. The response was next Wednesday or Thursday. Mr. Broughal added that the problem areas and issues have been identified and will be negotiated over the next several weeks, but due to budget

hearings it probably won't be until January that a public meeting can be held with the Finance Committee.

Working Woodlands Program. Chairman Jobes reported that on October 6, the Finance Committee unanimously approved the Working Woodlands Program, which will be presented to the full City Council for their final approval. He thanked The Nature Conservancy (TNC), its partners, Mr. Repasch and Mr. Brong for their kind words at that meeting. Mr. Repasch queried if anyone from the Authority, other than himself, needs to be at the Council meeting when Working Woodlands is presented. Based upon the outcome of last week's meeting, it is not anticipated to encounter any opposition. Mr. Bud Cook indicated he would attend the meeting.

REPORT OF THE EXECUTIVE DIRECTOR

Chestnut Ridge Rod & Gun Club Lease Extension. Mr. Repasch reported that the 50 year lease the Authority has with Chestnut Ridge Rod & Gun Club will expire on November 23. Over the years, there have been problems with the club's activities. The club has addressed some of the issues and is taking steps in the right direction. The club would like to continue leasing the property, which is approximately 100 acres. They know the terms of the Authority's new lease policy, including the 30-day termination provision. Until it is determined if the Authority wants to continue a lease with Chestnut Ridge, he and Officer Meixell recommended to extend the lease through the end of this year.

Mr. Gower moved to authorize the Executive Director to extend the lease with Chestnut Ridge Rod & Gun Club until December 31, 2010 by letter agreement. Mr. Master seconded. Motion passed unanimously.

Zayo Agreement for Williams Street Tank Site. Mr. Repasch presented a Right of Access and Use Agreement from Zayo, a company contracted to install fiber optic cables to cell tower sites. This agreement is for the Williams Street water tank where a Sprint cell tower is situated (the Board approved an identical agreement last month for the T-Mobile cell tower on the water tank at Northampton Community College). The monthly rental is \$150 and includes a 3% annual increase.

Mr. Gower moved to approve the Right of Access and Use Agreement with Zayo. Mr. Master seconded. Motion passed unanimously.

3rd Quarter 2010 Expense Projection and Budget Comparative. Mr. Repasch reported the following:

Income and Expense Projection for the 4th Quarter 2010:

- Cash on Hand at October 1, 2010 -- \$451,320.
- Projected Revenues Receivable -- \$104,145 for the 4th Quarter.
- Projected Cash on Hand at the end of the 4th Quarter -- \$555,465.
- Total Projected Professional, Administrative and Police Expenses -- \$99,865 overall for the 4th Quarter.
- Total Projected Cash on Hand at the end of the 4th Quarter -- \$455,600.

Expense Budget Comparative for the 9 months ended September 30:

- Professional Services – \$74,769, 35% of budget.
- Security and Property Expenses – \$20,953, 69% of budget.
- Administrative Expenses – \$171,107, 71% of budget.
- Overall – \$266,830, 55% of budget.

Chairman Jobes queried if all the professional expenses are current. Mr. Repasch responded that we haven't received any invoices from PRAG for two or three months. We haven't needed their services much lately, other than the arbitrage issue, and their services for that issue won't be too costly.

Mr. Tallarico queried how much has been spent on Broadlands' services this year for the wind energy evaluation. Mr. Repasch responded their billings are current, and to date the Authority has spent ~\$22,000 but received \$9,000 from the RFP's. Mr. Broughal said he made it clear during today's conference call that there needs to be "net zero" expense to the Authority for this project.

REPORT OF THE CONTROLLER

Mr. Filipos' report for the month ended September 30 was circulated and filed. It was noted that the City sent the funds to the trustee for the Hirko debt service payment on October 1. The remaining activity is the normal flows in and out of the accounts.

Resolution 320 – Professional and Administrative Expenses. Chairman Jobes presented Resolution 320 to the Board for approval. The resolution was circulated, filed and totals \$293,142.04. It consists of the following:

- Requisition 309 – City's water capital invoice totaling \$265,271.03
- Professional and Administrative expenses totaling \$27,871.01

Chairman Jobes queried about the Northeast standpipe engineering and evaluation charges of \$225,000 on the water capital invoice. Mr. Brong responded at the start of that project there was an engineering component, but all charges now are for the actual maintenance contract.

Mr. Master moved to approve Resolution 320. Mr. Jobes seconded. The motion passed unanimously.

BRIF Investment. A BRIF investment in the amount of \$977,359 matured on October 13. Interest rate bids were solicited and the recommendation circulated to the Board was to invest the money in the Fulton Financial Inter-Affiliate CD Program for three months at an interest rate of .45%. There will be some large expenses forthcoming in the beginning of 2011, so it would be best to invest short term.

Mr. Gower moved to authorize the investment recommendation as circulated and presented. Mr. Tallarico seconded. Mr. Master voted aye. Chairman Jobes abstained.

REPORT OF THE SOLICITOR

No report.

REPORT OF THE CONSULTING ENGINEER

The Consulting Engineer's report for the months of August and September was circulated and filed. Mr. Repasch said bids will be due before the end of October for the 12 MG South Side Reservoir cover and liner, and by November 23 for the Pennsylvania Avenue valve replacement projects, the latter of which the Authority received an H2O PA Grant for last year. With regard to the grant application filed this year, there have been a lot of questions, which is a good sign, but awards won't be known until November.

REPORT OF BETHLEHEM AUTHORITY SPECIAL POLICE

Officer Meixell's report was circulated and filed.

Mr. Gower commented that the increase in vehicle traffic and people who are not permanent residents in the watershed areas are creating more challenges for the security of our property. Mr. Repasch said the City did apply for a Homeland Security grant and there were a fair amount of questions asked through the application process, which typically indicates a favorable outcome. Homeland Security now has more educational events that identify security issues and how to be aware of them. Mr. Brong added that the grant is in the millions of dollars. Over the last four years, design work has already been done on a security system, including closed-circuit TV that would broadcast to the water control room, interlocks that detect movement, etc.

Chairman Jobses said focus and discussion on the security issues will continue.

Mr. Master queried if there is terrorism insurance for the watershed and water facilities. Mr. Broughal indicated the City carries the insurance for the water system and there should be a terrorism insurance rider available. He suggested checking with the City about its insurance coverage.

WATER REPORT

Chairman Jobses indicated the Water Report for September was circulated and filed, and recent rainfalls have helped to fill up the reservoirs. Based on questions raised last month about the State-declared drought warning, Mr. Brong explained that the State typically issues a series of escalated watches and warnings during drought conditions, but this summer the State went right to warning, possibly because conditions deteriorated so rapidly. As the drought warning was issued, the reservoir levels were at ~75% capacity, which was still well within normal operating range and in better shape compared to other water systems in the State. Also, prior to the recent significant rainfall, the intake at Tunkhannock Creek was opened to feed the Penn Forest reservoir which had allowed for some recovery. The system is somewhat drought-proof.

CITY OF BETHLEHEM DIRECTOR OF WATER AND SEWER RESOURCES

Mr. Brong provided a cash projection to the Board for the November 15 debt service payment. The payment totals ~\$4.6 million, not including the 5% lease coverage. It appears that the City is in position to make the payment based on the cash on hand at beginning of October and cash receipts expected for this upcoming time period based on historical data.

Chairman Jobses queried when the Board would know if the City has to use a contingency plan. Mr. Brong responded the City has to transmit the debt service payment to The Bank of New York Mellon on Nov. 5, so the Board would know by that time. There are options within the utility to use funds for a few days if necessary.

COURTESY OF THE FLOOR

Mr. Bud Cook informed the Board that he spoke with Dennis Hollowell, the president of Palmerton Hunting & Fishing Club. There is a consensus for Palmerton to enter into the Working Woodlands Program. TNC will meet with Palmerton's members next month, at which time it is hoped they will approve the agreement in principal. It still may take a little while, as there are 35 members.

Again, Chairman Jobses thanked Mr. Cook and the TNC representatives for their help in educating the members of the Finance Committee meeting last week about the Working Woodlands Program.

NEXT MEETING

Chairman Jobses said the next meeting is scheduled for November 11 at 3:30 PM.

ADJOURNMENT

There being no further business, Chairman Jobses moved to adjourn the meeting. Mr. Tallarico seconded. Motion passed unanimously and the meeting adjourned at 4:20 PM.

Richard L. Master, Secretary